

SUMMARY OF TESTIMONY OF PHILLIP L. SPECTOR, EXECUTIVE
VICE PRESIDENT AND GENERAL COUNSEL, INTELSAT HOLDINGS, LTD.,
BEFORE THE SUBCOMMITTEE ON TELECOMMUNICATIONS AND
THE INTERNET, COMMITTEE ON ENERGY AND COMMERCE,
U.S. HOUSE OF REPRESENTATIVES, APRIL 14, 2005

Phillip L. Spector
*Executive Vice President
and General Counsel*

1. Intelsat needs no introduction to this Subcommittee. We are a leading provider of satellite communications services and solutions, with over 40 years of experience in operating communications satellites. Our customers include major U.S. corporations, television broadcasters and other providers of video services, and many governments, including particularly the United States Government. We compete vigorously with both other satellite operators and those who operate terrestrial and undersea facilities.
2. The ORBIT Act appropriately required that the influence of the Intelsat Signatories be substantially diluted. In January 2005 Intelsat had its Signatory interest diluted to zero. Intelsat today is owned 100% by private, commercially oriented, non-governmental investors. Their only agenda is the same agenda that all investors in private companies have: to offer more and better services at lower prices, and thereby to meet customer needs and to build shareholder value.
3. The ORBIT Act played a key role in moving Intelsat to the place it is today, a private company serving customer needs in a competitive marketplace. In this respect, the ORBIT Act has been a resounding success, and those Members of Congress who were "present at the creation" can take considerable pride in this success.
4. There is one area, however, in which the ORBIT Act needs fine-tuning. As written, the Act prohibits the "reaffiliation" by merger or otherwise of a privatized Intelsat and "any separated entity." The "separated entity" referred to in the Act is New Skies Satellites, a company that was spun off from the old Intelsat prior to privatization. New Skies is today, like Intelsat, 100% owned by private investors having no relationship to the old Signatories.
5. With both Intelsat and New Skies owned entirely by private investors, the prohibition on reaffiliation makes no sense. Indeed, I cannot think of any other statute of the United States that flatly prohibits the merger of two entirely private companies.
6. It is important to emphasize that, if Intelsat and New Skies were to agree on a merger, other U.S. statutes provide substantial protection to assure that public policy goals are served. Any such merger would be subject to review and approval by the Department of Justice under the antitrust laws, and to review and approval by the Federal Communications Commission under the public interest standard of the Communications Act.
7. In summary, Intelsat sees no valid public policy purpose served by the current prohibition on our reaffiliation with New Skies, and we urge this Subcommittee and the House to work with us on amending the statute to strike out this prohibition. In closing, let me repeat that the ORBIT Act was successful in transforming the satellite communications marketplace, and that the Congress is to be given credit for this impressive accomplishment.

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PHILLIP L. SPECTOR
EXECUTIVE VICE PRESIDENT AND
GENERAL COUNSEL
INTELSAT HOLDINGS, LTD.
BEFORE THE SUBCOMMITTEE ON
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U.S. HOUSE OF REPRESENTATIVES
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Mr. Chairman, on behalf of Intelsat, I thank you for the opportunity to appear today before the Subcommittee. We particularly appreciate the opportunity to comment on the ORBIT Act, and on the progress that has been made in privatizing the satellite communications marketplace.

Intelsat needs no introduction to this Subcommittee. We are a leading provider of satellite communications services and solutions, with over 40 years of experience in operating communications satellites. Our customers include major U.S. corporations, television broadcasters and other providers of video services, and many governments, including particularly the United States Government. We compete vigorously with both other satellite operators and those who operate terrestrial and undersea facilities.

If you will indulge me for a moment, Mr. Chairman, I will recite a bit of my personal history, because it provides a useful metaphor for the larger topic we are here to discuss. I joined Intelsat only recently, some two months ago, after over 20 years in the private practice of law in Washington, D.C. During my years in private practice, I represented not only Intelsat, but also two other large satellite service providers, PanAmSat and SES Global.

In particular, I represented PanAmSat in the late 1980s and early 1990s, at a time when Intelsat appeared very much to be acting to foreclose competition from PanAmSat and others in the global satellite communications marketplace. With the encouragement of this Congress and other parts of the U.S. Government, Intelsat began changing to recognize competitive realities, and by the late 1990s it was clearly moving away from its legacy as an intergovernmental organization. By the time that the ORBIT Act was passed in 2000, Intelsat was well along the road toward privatization, and we became an entirely private company nearly four years ago, in July 2001.

It would have been unthinkable for me, as one of Intelsat's active adversaries over several years, to have joined the pre-privatization Intelsat, but I also do not think I would have joined the Intelsat organization as it existed from mid-2001 until January of this year. Although Intelsat had privatized, it was still owned by many of the same Signatories whose ownership was of concern to the Congress when the ORBIT Act was passed in 2000. Thus the ORBIT Act appropriately required that the influence of the Intelsat Signatories be substantially diluted.

I am pleased to report to you today, Mr. Chairman, that in January 2005 Intelsat had its Signatory interest diluted to zero. The Intelsat that I joined as General Counsel is owned 100% by private, commercially oriented, non-governmental investors. Their only agenda is the same agenda that all investors in private companies have: to offer more and better services at lower prices, and thereby to meet customer needs and to build shareholder value.

The ORBIT Act played a key role in moving Intelsat to the place it is today, a private company serving customer needs in a competitive marketplace. In this respect, the ORBIT Act has been a resounding success, and those Members of Congress who were "present at the creation" can take considerable pride in this success. More than is the case with most

statutes, there is a clearcut opportunity to say here: The goals of the ORBIT Act have been achieved.

There is one area, however, in which the ORBIT Act needs fine-tuning. As written, the Act prohibits the "reaffiliation" by merger or otherwise of a privatized Intelsat and "any separated entity." The "separated entity" referred to in the Act is New Skies Satellites, a company that was spun off from the old Intelsat prior to privatization. New Skies is today, like Intelsat, 100% owned by private investors having no relationship to the old Signatories.

The prohibition on reaffiliation was included in the ORBIT Act to ensure that the spin-off of New Skies would constitute an irreversible first step on Intelsat's road to privatization. The prohibition may have made sense in 2000, when the Act was passed, at a time when Intelsat was still an intergovernmental organization debating privatization and New Skies was owned by Intelsat's Signatories. But five years later, with both Intelsat and New Skies owned entirely by private investors, the prohibition makes no sense. Indeed, I cannot think of any other statute of the United States that flatly prohibits the merger of two entirely private companies.

If New Skies were to be up for sale, and if Intelsat were to be interested in buying New Skies, we would likely be just one of several interested buyers. But I see no reason why this Congress would want to limit artificially the universe of buyers, as the ORBIT Act does today. Such a limitation is simply anti-competitive, when I know that this Subcommittee and this Congress are focused on enhancing competition.

It is also important to emphasize that, if Intelsat and New Skies were to agree on a merger, other U.S. statutes provide substantial protection to assure that public policy goals are served. Any such merger would be subject to review and approval by the Department of Justice under the antitrust laws, and to review and approval by the Federal

Communications Commission under the public interest standard of the Communications Act. In the context of both of these processes, moreover, as is always the case in merger review, all interested parties who conceivably might be affected by the merger – competitors, customers, and public interest groups – would have an opportunity to voice any objections they might have.

In summary, Mr. Chairman, we at Intelsat see no valid public policy purpose served by the current prohibition on our reaffiliation with New Skies, and we urge this Subcommittee and the House to work with us on amending the statute to strike out this prohibition. In closing, let me repeat that the ORBIT Act was successful in transforming the satellite communications marketplace, and that the Congress is to be given credit for this impressive accomplishment.

I thank you for your attention this morning, and stand ready to answer any questions that Members of the Subcommittee may have.



Phillip L. Spector
Executive Vice President & General Counsel
Intelsat Holdings, Ltd.

Phillip Spector is responsible for all legal and regulatory matters within the Intelsat group of companies. His responsibilities include the negotiation and structuring of strategic ventures and acquisitions; government affairs and regulation; the procurement of spacecraft and launch services; compliance with antitrust, securities and export laws; and the provisioning of satellite capacity worldwide.

Mr. Spector joined Intelsat in 2005 from the international law firm of Paul, Weiss, Rifkind, Wharton & Garrison LLP, where he was the managing partner of the Washington office and the Chairman of the firm's Communications & Technology Group.

Mr. Spector has a strong background in the satellite sector, having represented Intelsat and other major satellite operators, including SES Global and PanAmSat. He has also been retained by users of substantial satellite capacity, and by major satellite manufacturers. The former Chairman of the American Bar Association's International Communications Committee, Mr. Spector was recognized by a legal publication as "the leading satellite specialist in Washington," and was profiled for his "skilled legal work" in *American Lawyer*.

Mr. Spector clerked on a federal appeals court and for Justice Thurgood Marshall of the U.S. Supreme Court, before serving in the White House as Associate Assistant to the President. Mr. Spector has co-authored the book *Communications and Technology Alliances*, has written numerous articles and speaks regularly on satellite and communications topics, and has served on the boards of directors of several companies.

Mr. Spector graduated from the University of California, Santa Barbara, where he received a BA degree, with highest honors. He then went to Harvard University, where he received a master's degree in public policy and a law degree, *magna cum laude*. While at Harvard, Mr. Spector was Supreme Court Editor of the *Harvard Law Review*.

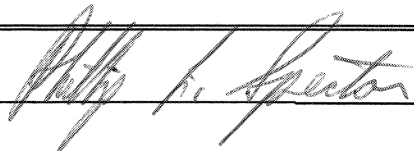
House Committee on Energy and Commerce

Witness Disclosure Requirement - "Truth in Testimony"

Required by House Rule XI, Clause 2(g)

Your Name: Phillip L. Spector		
1. Are you testifying on behalf of a Federal, State, or Local Government entity?	Yes	No X
2. Are you testifying on behalf of an entity other than a Government entity?	Yes X	No
3. Please list any federal grants or contracts (including subgrants or subcontracts) which <u>you</u> have received since October 1, 1999: NA		
4. Other than yourself, please list what entity or entities you are representing: Intelsat Holdings, Ltd.		
5. If your answer to question number 2 is yes, please list any offices or elected positions held or briefly describe your representational capacity with the entities disclosed in question number 4: Executive Vice President and General Counsel		
6. If your answer to question number 2 is yes, do any of the entities disclosed in question number 4 have parent organizations, subsidiaries, or partnerships to the entities for whom you are not representing?	Yes	No X
7. If the answer to question number 2 is yes, please list any federal grants or contracts (including subgrants or subcontracts) which were received by the entities listed under question 4 since October 1, 1999, which exceed 10% of the entities revenue in the year received, including the source and amount of each grant or contract to be listed: Intelsat Holdings, Ltd. has a subsidiary, Intelsat General Corporation ("IGC") that has many direct and indirect contracts with federal government agencies. Because of a proxy arrangement, Intelsat Holdings does not have access to or a list of the IGC contracts with the federal government.		

Signature: _____



Date: April 12, 2005